

SENATE/HOUSE FILE \_\_\_\_\_  
BY (RECOMMENDED BY PUBLIC  
RETIREMENT SYSTEMS STUDY  
COMMITTEE)

**A BILL FOR**

1 An Act concerning public retirement systems, including the  
2 public safety peace officers' retirement, accident, and  
3 disability system, the Iowa public employees' retirement  
4 system, and the statewide fire and police retirement system,  
5 making appropriations, and including effective date and  
6 retroactive applicability provisions.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I  
PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,  
ACCIDENT, AND DISABILITY SYSTEM

Section 1. Section 80.8, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Should a peace officer become incapacitated for duty as a natural and proximate result of an injury, disease, or exposure incurred or aggravated while in the actual performance of duty at some definite time or place, the peace officer shall, upon being found to be temporarily incapacitated following an examination by a workers' compensation physician or other approved physician be entitled to receive the peace officer's fixed pay and allowances, without using the peace officer's sick leave, until reexamined by a workers' compensation physician or other approved physician or examined by the medical board provided for in section 97A.5, and found to be fully recovered or permanently disabled. In addition, a peace officer found to be temporarily incapacitated under this subsection shall be credited with any sick leave used prior to the determination that the peace officer was temporarily incapacitated under this subsection for the period of time sick leave was used. For purposes of this subsection, disease shall mean as described in section 97A.6, subsection 5.

Sec. 2. Section 97A.1, subsection 6, Code 2009, is amended to read as follows:

6. "*Child*" means only the surviving issue of a deceased active or retired member, or a child legally adopted by a deceased member prior to the member's retirement. "*Child*" includes only an individual who is under the age of eighteen years, an individual who is under the age of twenty-two and is a full-time student, or an individual who is disabled under the definitions used in section ~~402~~ 202 of the Social Security Act as amended if the disability occurred to the individual during the time the individual was under the age of eighteen years

1 and the parent of the individual was an active member of the  
2 system.

3 Sec. 3. Section 97A.1, subsection 9, Code 2009, is amended  
4 to read as follows:

5 9. "*Earnable compensation*" or "*compensation earnable*"  
6 shall mean the regular compensation which a member would earn  
7 during one year on the basis of the stated compensation for  
8 the member's rank or position, including any amount received  
9 for overtime compensation, compensation for longevity, and  
10 the daily amount received for meals under section 80.8 and  
11 ~~excluding any amount received for overtime compensation or.~~  
12 However, the term "*earnable compensation*" or "*compensation*  
13 *earnable*" shall not include other special additional  
14 compensation, other payments for meal expenses, uniform  
15 cleaning allowances, travel expenses, and uniform allowances  
16 ~~and excluding, or~~ any amount received upon termination or  
17 retirement in payment for accumulated sick leave or vacation.

18 Sec. 4. Section 97A.6, subsection 2, paragraph e,  
19 subparagraph (6), Code 2009, is amended to read as follows:

20 (6) For a member who terminates service, other than by  
21 ~~death or disability~~, on or after July 1, 2000, and who does  
22 not withdraw the member's contributions pursuant to section  
23 97A.16, upon the member's retirement there shall be added  
24 two and three-fourths percent of the member's average final  
25 compensation for each year of service over twenty-two years.  
26 However, this subparagraph does not apply to more than ten  
27 additional years of service.

28 Sec. 5. Section 97A.6, subsection 5, paragraph b, Code 2009,  
29 is amended by striking the paragraph.

30 Sec. 6. Section 97A.6, subsection 7, paragraph a,  
31 subparagraph (2), Code 2009, is amended to read as follows:

32 (2) A beneficiary retired under the provisions of this  
33 paragraph in order to be eligible for continued receipt of  
34 retirement benefits shall no later than May 15 of each year  
35 submit to the board of trustees a copy of the beneficiary's

1 state federal individual income tax return for the preceding  
2 year. The beneficiary shall also submit, within sixty days,  
3 any documentation requested by the system that is determined to  
4 be necessary by the system to determine the beneficiary's gross  
5 wages.

6 Sec. 7. Section 97A.6, subsection 7, paragraph b, Code 2009,  
7 is amended to read as follows:

8 b. Should a disability beneficiary under age fifty-five  
9 be restored to active service at a compensation not less than  
10 the disability beneficiary's average final compensation, the  
11 disability beneficiary's retirement allowance shall cease, the  
12 disability beneficiary shall again become a member and shall  
13 contribute thereafter at the same rate payable by other members  
14 of comparable rank, seniority, and age, and former service on  
15 the basis of which the disability beneficiary's service was  
16 computed at the time of retirement shall be restored to full  
17 force and effect. Upon subsequent retirement the disability  
18 beneficiary shall be credited with all service as a member, and  
19 also with no more than two years of the period of disability  
20 retirement.

21 Sec. 8. Section 97A.8, subsection 1, paragraph e,  
22 subparagraph (8), Code 2009, is amended to read as follows:

23 (8) (a) For purposes of this subparagraph, the "applicable  
24 employee percentage" shall be as follows:

25 (i) For the fiscal period beginning July 1, 2006, and ending  
26 June 30, 2010, nine and thirty-five hundredths percent.

27 (ii) For the fiscal year beginning July 1, 2010, nine and  
28 eighty-five hundredths percent.

29 (iii) For the fiscal year beginning July 1, 2011, ten and  
30 thirty-five hundredths percent.

31 (iv) For the fiscal year beginning July 1, 2012, ten and  
32 eighty-five hundredths percent.

33 (v) For the fiscal year beginning July 1, 2013, and each  
34 fiscal year thereafter, eleven and thirty-five hundredths  
35 percent.

1     **(b)** Notwithstanding any other provision of this chapter,  
2 beginning July 1, 1996, and each fiscal year thereafter, an  
3 amount equal to the member's contribution rate times each  
4 member's compensation shall be paid to the retirement fund from  
5 the earnable compensation of the member. For the purposes  
6 of this subparagraph, the member's contribution rate shall  
7 ~~be nine and thirty-five hundredths percent the applicable~~  
8 ~~employee percentage. However, the system shall increase the~~  
9 ~~member's contribution rate as necessary to cover any increase~~  
10 ~~in cost to the system resulting from statutory changes which~~  
11 ~~are enacted by any session of the general assembly meeting~~  
12 ~~after January 1, 1995, if the increase cannot be absorbed~~  
13 ~~within the contribution rates otherwise established pursuant to~~  
14 ~~this paragraph, but subject to a maximum employee contribution~~  
15 ~~rate of eleven and three-tenths percent. After the employee~~  
16 ~~contribution reaches eleven and three-tenths percent, sixty~~  
17 ~~percent of the additional cost of such statutory changes shall~~  
18 ~~be paid by the employer under paragraph "c" and forty percent~~  
19 ~~of the additional cost shall be paid by employees under this~~  
20 ~~subparagraph (8).~~

21     Sec. 9. Section 97A.8, subsection 1, Code 2009, is amended  
22 by adding the following new paragraph:

23     NEW PARAGRAPH. *i.* Notwithstanding any provision of this  
24 subsection to the contrary, if any statutory changes are  
25 enacted by any session of the general assembly meeting after  
26 January 1, 2011, which increases the cost to the system,  
27 the system shall, if the increased cost cannot be absorbed  
28 within the contribution rates otherwise established pursuant  
29 to this subsection at the time the statutory changes are  
30 enacted, increase the normal contribution rate and the member's  
31 contribution rate as necessary to cover any increase in cost  
32 by providing that sixty percent of the additional cost of such  
33 statutory changes shall be paid by the employer under paragraph  
34 "c" and forty percent of the additional cost shall be paid by  
35 employees under paragraph "e", subparagraph (8).

1     Sec. 10. Section 97A.11, Code 2009, is amended to read as  
2 follows:

3     **97A.11 Contributions by the state.**

4     On or before the first day of ~~November~~ January in each year,  
5 the board of trustees shall certify to the director of the  
6 department of administrative services the amounts which will  
7 become due and payable during the fiscal year next following to  
8 the retirement fund. The amounts so certified shall be paid  
9 by the director of the department of administrative services  
10 out of the funds appropriated for the Iowa department of public  
11 safety, to the treasurer of state, the same to be credited to  
12 the system for the ensuing fiscal year.

13    Sec. 11. Section 97A.14, Code 2009, is amended to read as  
14 follows:

15    **97A.14 Hospitalization and medical attention.**

16    1. The board of trustees shall provide hospital, nursing,  
17 and medical attention for the members in service when injured  
18 while in the performance of their duties and shall continue  
19 to provide hospital, nursing, long-term care, and medical  
20 attention for injuries or diseases incurred while in the  
21 performance of their duties for the members but only while  
22 the members are still receiving a retirement allowance under  
23 section 97A.6, subsection 6. The cost of hospital, nursing,  
24 and medical attention shall be paid out of the retirement fund.  
25 However, any amounts received by the injured person under the  
26 workers' compensation law of the state, or from any other  
27 source for such specific purposes, shall be deducted from the  
28 amount paid by the board of trustees ~~provisions of~~ under this  
29 section.

30    2. For purposes of this section, medical attention shall  
31 include but not be limited to services provided by licensed  
32 medical personnel to include office, hospital, nursing home  
33 care, long-term care, and prescriptions for medicine or  
34 equipment. Within twelve months of receiving treatment or  
35 incurring a cost with direct correlation to the disabling

1 condition, the beneficiary of an accidental disability benefit  
2 shall submit a written request for reimbursement to the board.  
3 A denial of reimbursement by the board shall be subject to  
4 judicial review in the same manner as any other action by the  
5 board in accordance with section 97A.6, subsection 13.

6 Sec. 12. REPEAL. Section 97A.10, Code 2009, is repealed.

7 Sec. 13. PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,  
8 ACCIDENT, AND DISABILITY SYSTEM — MEMBERS CONTRIBUTION  
9 RATE. Notwithstanding any provision of section 97A.8 to the  
10 contrary, the Iowa department of public safety peace officers'  
11 retirement, accident, and disability system, as defined in  
12 section 97A.2, shall not increase the contribution rate of  
13 members of the system to cover any increase in cost to the  
14 system resulting from this division of this Act.

15 Sec. 14. PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,  
16 ACCIDENT, AND DISABILITY SYSTEM — BOARD REPORT.

17 1. The board of trustees of the Iowa department of  
18 public safety peace officers' retirement, accident, and  
19 disability system, as defined in section 97A.2, shall  
20 conduct a comprehensive examination of the plan design  
21 of the Iowa department of public safety peace officers'  
22 retirement, accident, and disability system, pursuant to the  
23 principles established in chapter 97D, with the goal of making  
24 recommendations for benefit and other statutory changes to the  
25 system that will maintain an adequate retirement for members at  
26 a reasonable cost to members and employers.

27 2. On or before October 15, 2011, the board of trustees  
28 shall file a report with the legislative services agency, for  
29 distribution to the public retirement systems committee, which  
30 contains the results of the comprehensive examination and any  
31 recommendations for benefit or other statutory changes to the  
32 system.

33 DIVISION II  
34 IOWA PUBLIC EMPLOYEES'  
35 RETIREMENT SYSTEM

1     Sec. 15. Section 97B.1A, Code Supplement 2009, is amended by  
2 adding the following new subsection:

3     NEW SUBSECTION. 10A. "*Final average covered wage*" means the  
4 greater of the following:

5     a. (1) The member's covered wages averaged for the  
6 highest five years of the member's regular service, except  
7 as otherwise provided in this paragraph. The highest five  
8 years of a member's covered wages shall be determined using  
9 calendar years. However, if a member's final quarter of a  
10 year of employment does not occur at the end of a calendar  
11 year, the system may determine the wages for the fifth year by  
12 computing the average quarter of all quarters from the member's  
13 highest calendar year of covered wages not being used in the  
14 selection of the four highest years and using the computed  
15 average quarter for each quarter in the fifth year in which  
16 no wages have been reported in combination with the final  
17 quarter or quarters of the member's service to create a full  
18 calendar year. However, the system shall not use the member's  
19 final quarter of wages if using that quarter would reduce  
20 the member's final average covered wage. If the five-year  
21 average covered wage of a member exceeds the highest maximum  
22 covered wages in effect for a calendar year during the member's  
23 period of service, the five-year average covered wage of the  
24 member shall be reduced to the highest maximum covered wages in  
25 effect during the member's period of service. Notwithstanding  
26 any other provision of this subparagraph to the contrary,  
27 a member's wages for the fifth year as computed under this  
28 subparagraph shall not exceed, by more than three percent, the  
29 member's highest actual calendar year of covered wages.

30     (2) Notwithstanding any other provisions of this paragraph  
31 "a" to the contrary, the member's five-year average covered  
32 wage shall be the lesser of the five-year average covered wage  
33 as calculated pursuant to subparagraph (1) and the adjusted  
34 covered wage amount. For purposes of this subparagraph (2),  
35 the covered wage amount shall be an amount equal to one hundred



1 thirty-four percent of the member's applicable calendar year  
2 wages. The member's applicable calendar year wages shall be  
3 the member's highest calendar year of covered wages not used in  
4 the calculation of the member's five-year average covered wage  
5 pursuant to subparagraph (1), or such other calendar year of  
6 covered wages selected by the system pursuant to rules adopted  
7 by the system.

8     *b.* If the member was vested as of June 30, 2012, the  
9 member's three-year average covered wage as of June 30, 2012.

10     Sec. 16. Section 97B.1A, subsection 24, paragraph c, Code  
11 Supplement 2009, is amended to read as follows:

12     *c.* Notwithstanding any other provisions of this subsection  
13 to the contrary, for a member who retires on or after July 1,  
14 2007, the member's three-year average covered wage shall be the  
15 lesser of the three-year average covered wage as calculated  
16 pursuant to paragraph "a" and the adjusted covered wage  
17 amount. For purposes of this paragraph, the adjusted covered  
18 wage amount shall be the greater of the member's three-year  
19 average covered wage calculated pursuant to paragraph "a" as  
20 of July 1, 2007, and an amount equal to one hundred twenty-one  
21 percent of the member's applicable calendar year wages. The  
22 member's applicable calendar year wages shall be the member's  
23 highest full calendar year of covered wages not used in the  
24 calculation of the member's three-year average covered wage  
25 pursuant to paragraph "a", or, ~~if the member does not have~~  
26 ~~another full calendar year of covered wages that was not used~~  
27 ~~in the calculation of the three-year average covered wage under~~  
28 ~~paragraph "a", the lowest full calendar year of covered wages~~  
29 ~~that was used in the calculation of the member's three-year~~  
30 ~~average covered wage pursuant to paragraph "a" such other~~  
31 calendar year of covered wages selected by the system pursuant  
32 to rules adopted by the system.

33     Sec. 17. Section 97B.1A, subsection 25, paragraph a,  
34 subparagraphs (1) through (5), Code Supplement 2009, are

1 amended by striking the subparagraphs and inserting in lieu  
2 thereof the following:

3 (1) Is vested by service.

4 (2) Prior to July 1, 2005, has attained the age of  
5 fifty-five.

6 (3) Between July 1, 2005, and June 30, 2012, has attained  
7 the age of fifty-five or greater while in covered employment.

8 (4) On and after July 1, 2012, meets one of the following  
9 requirements:

10 (a) For a member in special service, has attained the age of  
11 fifty-five or greater while in covered employment.

12 (b) For a member in regular service, has attained the age of  
13 sixty-five or greater while in covered employment.

14 Sec. 18. Section 97B.1A, subsection 25, Code Supplement  
15 2009, is amended by adding the following new paragraph:

16 NEW PARAGRAPH. *d. "Vested by service"* means a member who  
17 meets one of the following requirements:

18 (1) Prior to July 1, 1965, had attained the age of  
19 forty-eight and completed at least eight years of service.

20 (2) Between July 1, 1965, and June 30, 1973, had completed  
21 at least eight years of service.

22 (3) Between July 1, 1973, and June 30, 2012, had completed  
23 at least four years of service.

24 (4) On and after July 1, 2012, meets one of the following  
25 requirements:

26 (a) For a member in special service, has completed at least  
27 four years of special service.

28 (b) For a member in regular service, has completed at least  
29 seven years of service.

30 (5) On or after July 1, 1988, an inactive member who had  
31 accumulated, as of the date of the member's last termination of  
32 employment, years of membership service equal to or exceeding  
33 the years of membership service specified in this paragraph  
34 "*d*" for qualifying as vested by service on that date of  
35 termination.

1     Sec. 19. Section 97B.4, subsection 2, paragraph c, Code  
2 2009, is amended to read as follows:

3     ~~c. In administering this chapter, the system may enter into~~  
4 ~~a biennial agreement with the department of administrative~~  
5 ~~services concerning the sharing of resources between the~~  
6 ~~system and department which are of benefit to each and~~  
7 ~~which are consistent with the mission of the system and~~  
8 ~~the department.~~ The budget program for the system shall be  
9 established by the chief executive officer in consultation with  
10 the board and other staff of the system and shall be compiled  
11 and submitted by the system pursuant to section 8.23.

12     Sec. 20. Section 97B.4, subsection 4, paragraph a, Code  
13 2009, is amended to read as follows:

14     *a. Annual report to governor.* Not later than the  
15 thirty-first day of December of each year, the system shall  
16 submit to the governor a report covering the administration  
17 and operation of this chapter during the preceding fiscal  
18 year and shall make recommendations for amendments to this  
19 chapter. The report shall include a balance sheet of the  
20 moneys in the retirement fund. The report shall also include  
21 information concerning the investment management expenses  
22 for the retirement fund for each fiscal year expressed as a  
23 percent of the market value of the retirement fund investment  
24 ~~assets, including the information described in section 97B.7,~~  
25 ~~subsection 3, paragraph "d".~~ The information provided under  
26 this paragraph shall also include information on the investment  
27 policies and investment performance of the retirement fund.  
28 In providing this information, to the extent possible, the  
29 system shall include the total investment return for the entire  
30 fund, for portions of the fund managed by investment managers,  
31 and for internally managed portions of the fund, and the cost  
32 of managing the fund per thousand dollars of assets. The  
33 performance shall be based upon market value, and shall be  
34 contrasted with relevant market indices and with performances  
35 of pension funds of similar asset size.

1     Sec. 21. Section 97B.11, subsection 3, paragraph d, Code  
2 2009, is amended to read as follows:

3     *d. "Required contribution rate"* means that percentage of the  
4 covered wages of members in regular service, members described  
5 in section 97B.49B, and members described in section 97B.49C,  
6 that the system shall, for each fiscal year, separately set  
7 for members in each membership category as provided in this  
8 paragraph. The required contribution rate that is set by the  
9 system for a membership category shall be the contribution  
10 rate the system actuarially determines, based upon the  
11 most recent actuarial valuation of the system and using the  
12 actuarial methods, assumptions, and funding policy approved by  
13 the investment board, is the rate required by the system to  
14 discharge its liabilities as a percentage of the covered wages  
15 of members in that membership category. However, the required  
16 contribution rate set by the system for a fiscal year shall  
17 not vary by more than ~~one-half~~ one percentage point from the  
18 required contribution rate for the prior fiscal year.

19     Sec. 22. Section 97B.49A, subsection 3, Code 2009, is  
20 amended to read as follows:

21     3. *Calculation of monthly allowance.* For each active or  
22 inactive vested member retiring on or after July 1, 1994, with  
23 four or more complete years of service, a monthly benefit shall  
24 be computed which is equal to one-twelfth of an amount equal  
25 to the applicable percentage of the ~~three-year~~ final average  
26 covered wage multiplied by a fraction of years of service.  
27 However, if benefits under this section commence on an early  
28 retirement date, the amount of the benefit shall be reduced in  
29 accordance with section 97B.50.

30     Sec. 23. Section 97B.49A, subsection 4, paragraph c, Code  
31 2009, is amended to read as follows:

32     *c.* For each active and vested member retiring ~~with less than~~  
33 ~~four complete years of service and~~ who therefore cannot have a  
34 benefit determined under the formula benefit of paragraph "a"  
35 or "b" of this subsection, subsection 3, or section 97B.49G,

1 subsection 1, a monthly annuity for membership service shall be  
2 determined by applying the member's accumulated contributions  
3 and the employer's matching accumulated contributions as of the  
4 effective retirement date and any retirement dividends standing  
5 to the member's credit on or before December 31, 1966, to the  
6 annuity tables in use by the system according to the member's  
7 age and contingent annuitant's age, if applicable.

8 Sec. 24. Section 97B.49D, subsection 1, unnumbered  
9 paragraph 1, Code 2009, is amended to read as follows:

10 An active or inactive vested member, who is or has been  
11 employed in both special service and regular service, who  
12 retires on or after July 1, 1996, ~~with four or more completed~~  
13 years of who is vested by service, and who at the time of  
14 retirement is at least fifty-five years of age, may elect  
15 to receive, in lieu of the receipt of a monthly retirement  
16 allowance as calculated pursuant to sections 97B.49A through  
17 97B.49C, a combined monthly retirement allowance equal to the  
18 sum of the following:

19 Sec. 25. Section 97B.49D, subsection 1, paragraph a, Code  
20 2009, is amended to read as follows:

21 a. One-twelfth of an amount equal to the applicable  
22 percentage of the member's ~~three-year~~ final average covered  
23 wage multiplied by a fraction of years of service. The  
24 fraction of years of service for purposes of this paragraph  
25 shall be the actual years of service, not to exceed thirty,  
26 for which regular service contributions were made, divided by  
27 thirty. However, any otherwise applicable age reduction for  
28 early retirement shall apply to the calculation under this  
29 paragraph.

30 Sec. 26. Section 97B.50, subsection 1, paragraphs a and b,  
31 Code 2009, are amended to read as follows:

32 a. For a member who is ~~less than sixty-two years of age not~~  
33 vested on June 30, 2012, by ~~twenty-five hundredths~~ one-half of  
34 one percent per month for each month that the early retirement  
35 date precedes the ~~normal retirement~~ date the member attains age

1 sixty-five.

2     ~~b. For a member who is at least sixty-two years of age and~~  
3 ~~who has not completed twenty years of membership service and~~  
4 ~~prior service~~ vested on June 30, 2012, the member's retirement  
5 allowance shall be reduced as follows:

6     (1) For that portion of the member's retirement allowance  
7 based on years of service through June 30, 2012, by twenty-five  
8 hundredths of one percent per month for each month that the  
9 early retirement date precedes the member's earliest normal  
10 retirement date using the member's age on the early retirement  
11 date and years of service as of June 30, 2012.

12     (2) For that portion of the member's retirement allowance  
13 based on years of service after June 30, 2012, by one-half of  
14 one percent per month for each month that the early retirement  
15 date precedes the date the member attains age sixty-five.

16     Sec. 27. Section 97B.52, subsection 1, unnumbered paragraph  
17 1, Code 2009, is amended to read as follows:

18     ~~If an inactive member, with at least sixteen calendar~~  
19 ~~quarters of service credit~~ who is vested by service, or  
20 any active member dies prior to the member's first month of  
21 entitlement, the member's beneficiary shall be entitled to  
22 receive a death benefit equal to the greater of the amount  
23 provided in paragraph "a" or "b". If an inactive member ~~with~~  
24 ~~less than sixteen calendar quarters of service credit~~ who is  
25 not vested by service dies prior to the member's first month of  
26 entitlement, the member's beneficiary shall only be entitled  
27 to receive a death benefit, as a lump sum, equal to the amount  
28 provided in paragraph "a".

29     Sec. 28. Section 97B.52A, subsection 1, paragraph c, Code  
30 2009, is amended to read as follows:

31     ~~c. (1)~~ (1) For a member whose first month of entitlement  
32 is July 2000 or later, the member does not return to any  
33 employment with a covered employer until the member has  
34 qualified for at least one calendar month of retirement  
35 benefits, and the member does not return to covered employment

1 until the member has qualified for no fewer than four calendar  
2 months of retirement benefits.

3     (2) For purposes of determining a bona fide retirement  
4 under this paragraph "c", effective the following provisions  
5 apply:

6     (a) Effective July 1, 2000, any employment with a covered  
7 employer does not include employment as an elective official  
8 or member of the general assembly if the member is not covered  
9 under this chapter for that employment.

10    ~~(b) For purposes of determining a bona fide retirement~~  
11 ~~under this paragraph and for a member whose first month of~~  
12 entitlement is July 2004 or later, but before July 2010 2012,  
13 covered employment does not include employment as a licensed  
14 health care professional by a public hospital as defined in  
15 section 249J.3, with the exception of public hospitals governed  
16 pursuant to chapter 226.

17    (c) Effective May 25, 2008, any employment with a covered  
18 employer does not include noncovered employment as a member of  
19 the national guard called to state active duty as defined in  
20 section 29A.1.

21    Sec. 29. Section 97B.58, Code 2009, is amended to read as  
22 follows:

23    **97B.58 Information furnished by employer.**

24    To enable the system to administer this chapter and perform  
25 its functions, the employer shall, upon the request of and  
26 in the manner provided by the system, ~~supply full~~ provide  
27 accurate, complete, and timely information to the system of  
28 all matters relating to the pay of all members, date of birth,  
29 their retirement, death, or other cause for termination of  
30 employment, and other pertinent facts the system may require  
31 in the manner provided by the system. The system shall not be  
32 liable to any member, retiree, or beneficiary for any monetary  
33 or other relief due to the failure of the employer to comply  
34 with this section.

1     Sec. 30. 2008 Iowa Acts, chapter 1171, section 47, is  
2 amended to read as follows:

3     SEC. 47. TRANSITION PROVISION — REQUIRED CONTRIBUTION RATE  
4 FOR FISCAL YEAR 2010-2011. For purposes of establishing the  
5 required contribution rate for the fiscal year beginning July  
6 1, 2011, as provided in section 97B.11, as amended in this Act,  
7 the required contribution rate for the fiscal year beginning  
8 July 1, 2010, shall be, for ~~members in regular service~~, members  
9 described in section 97B.49B, and members described in section  
10 97B.49C, the total contribution percentage rate paid by members  
11 and employers of that membership group for the fiscal year  
12 beginning July 1, 2010.

13     Sec. 31. 2009 Iowa Acts, chapter 170, section 51,  
14 subsections 1 and 3, are amended to read as follows:

15     1. a. Notwithstanding any provision of chapter 97B to the  
16 contrary, a member of the Iowa public employees' retirement  
17 system who has an employer-mandated reduction in hours or  
18 an employee-exercised reduction in pay but remains on the  
19 employer's payroll, and who would receive a reduction in the  
20 member's three-year average covered wage as a result of the  
21 reduction in hours, may have the member's retirement allowance  
22 calculated based on the three-year average covered wage the  
23 member would have received, based on reasonable assumptions,  
24 if the member had not been subject to the employer-mandated  
25 reduction in hours or employee-exercised reduction in pay, upon  
26 payment by the member of the applicable contribution amount.

27     b. For purposes of this section, ~~the applicable contribution~~  
28 ~~amount~~ unless the context otherwise requires:

29     (1) "Applicable contribution amount" is an amount equal to  
30 the employee and employer contributions that would have been  
31 paid to the system based on the wages that the member would  
32 have received but for the employer-mandated reduction in hours  
33 or employee-exercised reduction in pay and would have been  
34 included in the member's three-year average covered wage.

35     (2) "Employee-exercised reduction in pay" means a reduction



1 in pay of a member who has exercised bumping rights by  
2 accepting a lower-paid position in order to avoid being laid  
3 off by the employer.

4 3. This section shall apply to employer-mandated reductions  
5 in hours or employee-exercised reductions in pay during  
6 the period of time beginning on or after January 1, 2009,  
7 and ending no later than June 30, ~~2010~~ 2011. The system is  
8 authorized to adopt such rules, including emergency rules, as  
9 it deems necessary or prudent to implement this section.

10 Sec. 32. IPERS REGULAR MEMBERS — FINAL AVERAGE COVERED WAGE  
11 — JULY 1, 2010 THROUGH JUNE 30, 2012. Notwithstanding any  
12 provision of section 97B.1A, subsection 10A, as enacted by this  
13 division of this Act, to the contrary, for the period beginning  
14 July 1, 2010, and ending June 30, 2012, "final average covered  
15 wage" means the member's three-year average covered wage.

16 Sec. 33. IPERS REGULAR MEMBERS — REQUIRED CONTRIBUTION  
17 RATE FOR FISCAL YEAR 2011-2012. Notwithstanding any provision  
18 of section 97B.11 to the contrary, for members in regular  
19 service as defined in section 97B.1A, the required contribution  
20 rate for the fiscal year beginning July 1, 2011, as provided  
21 in section 97B.11, shall be thirteen and forty-five hundredths  
22 percent.

23 Sec. 34. EFFECTIVE DATE. The section of this division of  
24 this Act amending section 97B.50 takes effect June 30, 2012.

25 Sec. 35. EFFECTIVE UPON ENACTMENT AND RETROACTIVE  
26 APPLICABILITY. The section of this division of this Act  
27 enacting section 97B.52A, subsection 1, paragraph "c",  
28 subparagraph (2), subparagraph division (c), being deemed of  
29 immediate importance, takes effect upon enactment and applies  
30 retroactively to May 25, 2008.

31 Sec. 36. EFFECTIVE UPON ENACTMENT AND RETROACTIVE  
32 APPLICABILITY. The section of this division of this Act  
33 amending 2009 Iowa Acts, chapter 170, section 51, being deemed  
34 of immediate importance, takes effect upon enactment and  
35 applies retroactively to January 1, 2009.

1 DIVISION III  
2 STATEWIDE FIRE AND POLICE  
3 RETIREMENT SYSTEM

4 Sec. 37. Section 8.59, Code 2009, is amended to read as  
5 follows:

6 **8.59 Appropriations freeze.**

7 Notwithstanding contrary provisions of the Code, the amounts  
8 appropriated under the applicable sections of the Code for  
9 fiscal years commencing on or after July 1, 1993, are limited  
10 to those amounts expended under those sections for the fiscal  
11 year commencing July 1, 1992. If an applicable section  
12 appropriates moneys to be distributed to different recipients  
13 and the operation of this section reduces the total amount to  
14 be distributed under the applicable section, the moneys shall  
15 be prorated among the recipients. As used in this section,  
16 "*applicable sections*" means sections 53.50, 229.35, 230.8,  
17 230.11, ~~411.20~~, and 663.44.

18 Sec. 38. Section 411.1, subsection 9, Code Supplement 2009,  
19 is amended to read as follows:

20 9. "*Earnable compensation*" or "*compensation earnable*" shall  
21 mean the annual compensation which a member receives for  
22 services rendered as a police officer or fire fighter in the  
23 course of employment with a participating city, including any  
24 amounts received for overtime compensation. However, the term  
25 "*earnable compensation*" or "*compensation earnable*" shall not  
26 include amounts received for ~~overtime compensation~~, meal or  
27 travel expenses, uniform allowances, fringe benefits, severance  
28 pay, or any amount received upon termination or retirement in  
29 payment for accumulated sick leave or vacation. Contributions  
30 made by a member from the member's earnable compensation to a  
31 plan of deferred compensation shall be included in earnable  
32 compensation. Other contributions made to a plan of deferred  
33 compensation shall not be included except to the extent  
34 provided in rules adopted by the board of trustees pursuant to  
35 section 411.5, subsection 3.

1     Sec. 39. Section 411.1, subsection 22, Code Supplement  
2 2009, is amended to read as follows:

3     22. "*Surviving spouse*" shall mean the surviving spouse of a  
4 deceased member ~~from active service~~. Surviving spouse shall  
5 include a former spouse only if the division of assets in the  
6 dissolution of marriage decree pursuant to section 598.17  
7 grants the former spouse rights of a spouse under this chapter.

8     Sec. 40. Section 411.6, subsection 3, Code Supplement 2009,  
9 is amended to read as follows:

10    3. *Ordinary disability retirement benefit*. Upon application  
11 to the system, of a member in good standing or of the chief  
12 of the police or fire departments, respectively, any member  
13 in good standing shall be retired by the system, not less  
14 than thirty and not more than ninety days next following the  
15 date of filing the application, on an ordinary disability  
16 retirement allowance, if the medical board after a medical  
17 examination of the member certifies that the member is mentally  
18 or physically incapacitated for further performance of duty,  
19 that the incapacity is likely to be permanent, and that the  
20 member should be retired. However, if a person's membership  
21 in the system first commenced on or after July 1, 1992, the  
22 member shall not be eligible for benefits with respect to a  
23 disability which would not exist, but for a medical condition  
24 that was known to exist on the date that membership commenced.  
25 A medical condition shall be deemed to have been known to exist  
26 on the date that membership commenced if the medical condition  
27 is reflected in any record or document completed or obtained  
28 in accordance with the system's medical protocols pursuant to  
29 section 400.8, or in any other record or document obtained  
30 pursuant to an application for disability benefits from the  
31 system, if such record or document existed prior to the date  
32 membership commenced. A member who is denied a benefit under  
33 this subsection, by reason of a finding by the medical board  
34 that the member is not mentally or physically incapacitated  
35 for the further performance of duty, shall be entitled to

1 be restored to active service in the same position held  
2 immediately prior to the application for disability benefits.  
3 The member-in-good-standing requirement of this subsection  
4 may be waived for good cause as determined by the board. The  
5 burden of establishing good cause is on the member.

6 Sec. 41. Section 411.6, subsection 8, paragraph c,  
7 subparagraph (1), Code Supplement 2009, is amended to read as  
8 follows:

9 (1) The spouse, regardless of whether the spouse was  
10 designated by the member to the system as the member's  
11 beneficiary.

12 Sec. 42. Section 411.6, subsection 8, paragraph d,  
13 subparagraph (1), Code Supplement 2009, is amended to read as  
14 follows:

15 (1) To the member's surviving spouse, unless the surviving  
16 spouse selected the pension under paragraph "b".

17 Sec. 43. Section 411.6B, Code 2009, is amended by adding the  
18 following new subsection:

19 NEW SUBSECTION. 3. *a.* For distributions after December  
20 31, 2009, a nonspouse beneficiary who is a designated  
21 beneficiary may roll over all or any portion of the  
22 beneficiary's distribution to an individual retirement account  
23 the beneficiary establishes for purposes of receiving the  
24 distribution by means of a direct rollover. In order to  
25 qualify for a rollover under this subsection, the distribution  
26 must otherwise satisfy the definition of an eligible  
27 rollover distribution. If a nonspouse beneficiary receives a  
28 distribution from the system, the distribution is not eligible  
29 for a sixty-day rollover.

30 *b.* If the member's named beneficiary is a trust, the system  
31 may make a direct rollover to an individual retirement account  
32 on behalf of the trust, provided the trust satisfies the  
33 requirements to be a designated beneficiary within the meaning  
34 of Internal Revenue Code section 401(a)(9)(E).

35 *c.* A nonspouse beneficiary may not roll over an amount

1 which is a required minimum distribution, as determined  
2 under applicable United States treasury regulations and  
3 other federal Internal Revenue Service guidance. If the  
4 participant dies before the participant's required beginning  
5 date and the nonspouse beneficiary rolls over to an individual  
6 retirement account the maximum amount eligible for rollover,  
7 the beneficiary may elect to use either the five-year rule or  
8 the life expectancy rule, pursuant to applicable United States  
9 treasury regulations as provided in 26 C.F.R. § 1.401(a)(9)-3,  
10 in determining the required minimum distributions from the  
11 individual retirement account that receives the nonspouse  
12 beneficiary's distribution.

13 Sec. 44. Section 411.8, subsection 1, paragraph b,  
14 subparagraph (1), Code Supplement 2009, is amended to read as  
15 follows:

16 (1) On the basis of the actuarial methods and assumptions,  
17 rate of interest, and of the mortality, interest and other  
18 tables adopted by the system, the actuary engaged by the system  
19 to make each valuation required by this chapter pursuant to the  
20 requirements of section 411.5, shall immediately after making  
21 such valuation, determine the normal contribution rate. Except  
22 as otherwise provided in this lettered paragraph, the "*normal*  
23 *contribution rate*" shall be the rate percent of the earnable  
24 compensation of all members equal to the rate required by the  
25 system to discharge its liabilities, stated as a percentage of  
26 the earnable compensation of all members, and reduced by the  
27 employee contribution rate provided in paragraph "f" of this  
28 subsection and the contribution rate representing ~~the~~ any state  
29 appropriation made ~~as provided in section 411.20~~. However,  
30 the normal contribution rate shall not be less than seventeen  
31 percent.

32 Sec. 45. Section 411.8, subsection 1, paragraph f,  
33 subparagraph (8), Code Supplement 2009, is amended to read as  
34 follows:

1     (8) (a) For purposes of this subparagraph, the "applicable  
2 employee percentage" shall be as follows:

3     (i) For the fiscal period beginning July 1, 2006, and ending  
4 June 30, 2009, nine and thirty-five hundredths percent.

5     (ii) For the fiscal year beginning July 1, 2009, nine and  
6 four-tenths percent.

7     (iii) For the fiscal year beginning July 1, 2010, nine and  
8 nine-tenths percent.

9     (iv) For the fiscal year beginning July 1, 2011, ten and  
10 four-tenths percent.

11     (v) For the fiscal year beginning July 1, 2012, ten and  
12 nine-tenths percent.

13     (vi) For the fiscal year beginning July 1, 2013, and each  
14 fiscal year thereafter, eleven and four-tenths percent.

15     **(b)** Beginning July 1, 1996, and each fiscal year thereafter,  
16 an amount equal to the member's contribution rate times each  
17 member's compensation shall be paid to the fund from the  
18 earnable compensation of the member. For the purposes of  
19 this subparagraph, the member's contribution rate shall be  
20 ~~nine and thirty-five hundredths percent or, beginning July 1,~~  
21 ~~2009, nine and four-tenths percent~~ the applicable employee  
22 percentage. However, the system shall increase the member's  
23 contribution rate as necessary to cover any increase in cost  
24 to the system resulting from statutory changes which are  
25 enacted by any session of the general assembly meeting after  
26 January 1, 1991, if the increase cannot be absorbed within  
27 the contribution rates otherwise established pursuant to this  
28 paragraph, but subject to a maximum employee contribution rate  
29 of ~~eleven and three-tenths percent or, beginning July 1, 2009,~~  
30 ~~eleven and thirty-five hundredths percent.~~ The contribution  
31 rate increases specified in 1994 Iowa Acts, ch. 1183, pursuant  
32 to this chapter and chapter 97A shall be the only member  
33 contribution rate increases for these systems resulting from  
34 the statutory changes enacted in 1994 Iowa Acts, ch. 1183, and  
35 shall apply only to the fiscal periods specified in 1994 Iowa

1 ~~Acts, ch. 1183. After the employee contribution reaches eleven~~  
2 ~~and three-tenths percent or eleven and thirty-five hundredths~~  
3 ~~percent, as applicable, sixty percent of the additional cost~~  
4 ~~of such statutory changes shall be paid by employers under~~  
5 ~~paragraph "c" and forty percent of the additional cost shall be~~  
6 ~~paid by employees under this paragraph.~~

7 Sec. 46. Section 411.8, subsection 1, Code Supplement 2009,  
8 is amended by adding the following new paragraph:

9 NEW PARAGRAPH. *j.* Notwithstanding any provision of this  
10 subsection to the contrary, if any statutory changes are  
11 enacted by any session of the general assembly meeting after  
12 January 1, 2011, which increases the cost to the system,  
13 the system shall, if the increased cost cannot be absorbed  
14 within the contribution rates otherwise established pursuant  
15 to this subsection at the time the statutory changes are  
16 enacted, increase the normal contribution rate and the member's  
17 contribution rate as necessary to cover any increase in cost  
18 by providing that sixty percent of the additional cost of such  
19 statutory changes shall be paid by the employer under paragraph  
20 "c" and forty percent of the additional cost shall be paid by  
21 employees under paragraph "f", subparagraph (8).

22 Sec. 47. Section 411.9, Code 2009, is amended by adding the  
23 following new subsection:

24 NEW SUBSECTION. 1A. In the case of a member's death  
25 occurring on or after January 1, 2007, if the member dies while  
26 performing qualified military service as defined in section  
27 414(u) of the Internal Revenue Code, the survivors of the  
28 member are entitled to any additional benefits, other than  
29 benefit accruals relating to the period of qualified military  
30 service, provided by the system as if the member had resumed  
31 membership service and had died as the natural and proximate  
32 result of an injury or disease incurred in or aggravated by the  
33 actual performance of duty at some definite time and place.

34 Sec. 48. Section 411.9, Code 2009, is amended by adding the  
35 following new subsection:

1     NEW SUBSECTION. 1B. For years beginning after December  
2 31, 2008, if a member who is absent while serving in the armed  
3 services of the United States is receiving a differential wage  
4 payment, as defined in section 3401(h)(2) of the Internal  
5 Revenue Code, from a participating city, all of the following  
6 shall apply:

7     a. The member is treated as an employee of the employer  
8 making the payment and as an active member of the system.

9     b. The differential wage payment is treated as earnable  
10 compensation of the member.

11    c. The system is not treated as failing to meet the  
12 requirements of any provision described in section 414(u)(1)(C)  
13 of the Internal Revenue Code by reason of any contribution or  
14 benefit which is based on the differential wage payment.

15    Sec. 49. Section 411.37, subsections 2 and 3, Code 2009, are  
16 amended to read as follows:

17    2. The board shall include in the transition plan or other  
18 transition documents, provisions to facilitate continuity under  
19 sections ~~411.20~~, 411.21, and 411.30, and any appropriations to  
20 the system from the state.

21    3. For each of the fiscal years beginning July 1, 1990,  
22 and July 1, 1991, ten percent of the amount appropriated by  
23 the state for distribution to cities ~~as provided in section~~  
24 ~~411.20~~ shall be made available to the board of trustees for  
25 the statewide system to cover the administrative costs of the  
26 transition. The amount distributed to each city shall be  
27 reduced accordingly. The moneys remaining unencumbered or  
28 unexpended at the end of the fiscal year beginning July 1,  
29 1990, and the moneys remaining unencumbered or unexpended on  
30 January 1, 1992, shall be credited to the cities in the same  
31 proportion as the reduction.

32    Sec. 50. REPEAL. Section 411.20, Code 2009, is repealed.

33    Sec. 51. STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM FUND  
34 — APPROPRIATIONS.

35    1. There is appropriated from the general fund of the state



1 for deposit in the statewide fire and police retirement fund  
2 created in section 411.8, for the designated fiscal years, the  
3 following amounts:

4 FY 2010-2011.....\$ 1,500,000  
5 FY 2011-2012.....\$ 750,000

6 2. Moneys appropriated by the state pursuant to this section  
7 shall not be used to reduce the normal rate of contribution of  
8 any city below 17 percent.

9 Sec. 52. STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM —  
10 MEMBERS CONTRIBUTION RATE. Notwithstanding any provision of  
11 section 411.8 to the contrary, the statewide fire and police  
12 retirement system created in chapter 411 shall not increase  
13 the contribution rate of members of the system to cover any  
14 increase in cost to the system resulting from this division of  
15 this Act.

16 Sec. 53. STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM —  
17 BOARD REPORT.

18 1. The board of trustees of the statewide fire and police  
19 retirement system created in chapter 411 shall conduct  
20 a comprehensive examination of the plan design of the  
21 statewide fire and police retirement system, pursuant to the  
22 principles established in chapter 97D, with the goal of making  
23 recommendations for benefit and other statutory changes to the  
24 system that will maintain an adequate retirement for members at  
25 a reasonable cost to members and employers.

26 2. On or before October 15, 2011, the board of trustees  
27 shall file a report with the legislative services agency, for  
28 distribution to the public retirement systems committee, which  
29 contains the results of the comprehensive examination and any  
30 recommendations for benefit or other statutory changes to the  
31 system.

32 Sec. 54. EFFECTIVE UPON ENACTMENT AND RETROACTIVE  
33 APPLICABILITY. The section of this division of this Act  
34 enacting section 411.9, subsection 1A, being deemed of

1 immediate importance, take effect upon enactment and applies  
2 retroactively to deaths occurring on or after January 1, 2007.

3     Sec. 55. EFFECTIVE UPON ENACTMENT AND RETROACTIVE  
4 APPLICABILITY. The section of this division of this Act  
5 enacting section 411.9, subsection 1B, being deemed of  
6 immediate importance, takes effect upon enactment and applies  
7 retroactively to years beginning after December 31, 2008.

8                                   EXPLANATION

9     This bill makes numerous changes to public retirement  
10 systems, including the public safety peace officers'  
11 retirement, accident, and disability system, the Iowa public  
12 employees' retirement system, and the statewide fire and police  
13 retirement system. The bill may include a state mandate as  
14 defined in Code section 25B.3. The state mandate funding  
15 requirement in Code section 25B.2, however, does not apply to  
16 public employee retirement systems. The changes to each public  
17 retirement system are as follows:

18     PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM  
19 (PORS). Code section 97A.1(6), concerning the definition of  
20 child, is amended by correcting a reference to the federal  
21 Social Security Act.

22     Code section 97A.1(9), concerning the definition of  
23 earnable compensation, is amended to provide that overtime  
24 compensation is included as earnable compensation for purposes  
25 of PORS. Current law excludes overtime compensation from this  
26 definition. The bill provides that any increased cost arising  
27 out of this change shall not result in an increase in the  
28 member's contribution rate.

29     Code section 97A.6(5)(b), concerning the continuation of  
30 peace officer pay and allowances while the peace officer  
31 is temporarily incapacitated, is amended by striking this  
32 provision and transferring it to Code section 80.8.

33     Code section 97A.6(7), concerning reexamination of  
34 disability retirees, is amended to require a disability retiree  
35 to provide the PORS board a copy of the beneficiary's federal

1 individual tax return and such other information the system  
2 deems necessary. Current law only requires the beneficiary to  
3 provide a copy of the beneficiary's state income tax return.  
4 The subsection is also amended to provide that a disability  
5 beneficiary who is restored to active service and then  
6 subsequently retires is entitled to service credit for no more  
7 than two years of the period of disability retirement. Current  
8 law allows a service credit for all years of the disability  
9 retirement.

10 Code section 97A.8, concerning the financing of PORS, is  
11 amended to increase the employee contribution rate by 0.5  
12 percentage points for four years beginning July 1, 2010, from  
13 9.35 percent of pay, until reaching 11.35 percent beginning on  
14 and after July 1, 2013. The section is also amended to provide  
15 that the cost to cover any increase in cost to PORS resulting  
16 from any statutory changes enacted after January 1, 2011,  
17 shall be divided with 60 percent of the increased cost paid by  
18 employers and 40 percent by the employees, if the increased  
19 cost cannot be absorbed within the contribution rates otherwise  
20 established at that time.

21 Code section 97A.10, concerning purchase of eligible service  
22 credit, is repealed. The Code section had allowed the purchase  
23 of eligible service by filing an application with the system by  
24 July 1, 2007.

25 Code section 97A.11, concerning contributions by the state,  
26 is amended to provide that the PORS board shall certify the  
27 state's contribution rate for the upcoming fiscal year by  
28 January, instead of November.

29 Code section 97A.14, concerning hospitalization and medical  
30 attention for members injured while in the performance of  
31 their duties, is amended to provide a description of what  
32 constitutes medical attention, require beneficiaries to submit  
33 reimbursement claims within 12 months, and provide that the  
34 requirement to provide reimbursement ceases once the disability  
35 beneficiary is no longer receiving a disability retirement

1 benefit.

2 The bill also directs the PORS board to conduct a  
3 comprehensive examination of the plan design of PORS and to  
4 submit a report, by October 15, 2011, to the public retirement  
5 systems committee concerning the results of the examination  
6 and any other recommendations for benefit or other statutory  
7 changes to PORS.

8 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS). Code  
9 section 97B.1A, is amended to add a definition for final  
10 average covered wage. The bill provides that a member's final  
11 average covered wage is the greater of the member's highest  
12 five years of a covered wage or the member's three-year average  
13 covered wage as of June 30, 2012. The new definition provides  
14 that a member's highest five years of covered wages shall be  
15 the lesser of the member's highest five years of covered wages  
16 or an amount equal to 134 percent of the member's highest  
17 calendar year of wages not used in calculating the member's  
18 five-year average covered wage. The bill provides that for the  
19 period from July 1, 2010, until June 30, 2012, a member's final  
20 average covered wage shall be the member's three-year average  
21 covered wage.

22 Code section 98B.1A(25), concerning the definition of vested  
23 member, is amended to provide that beginning July 1, 2012, a  
24 member in regular service shall be vested if the member has  
25 completed at least seven years of service or has attained  
26 the age of 65 or greater while in covered employment. For  
27 members in special service, the bill provides that a member  
28 is vested if the member has completed at least four years of  
29 special service or has attained the age of 55 or greater while  
30 in covered employment. Current law provides that for both  
31 members in regular and special service, a member is vested  
32 upon completing at least four years of any service or has  
33 attained the age of 55 while an active member of the system.  
34 The bill establishes a definition for vested by service which  
35 is included within the definition of vested member and includes

1 only those vesting provisions which are based upon years of  
2 membership service and not solely based upon the age of the  
3 member.

4 Code section 97B.4(2)(c) is amended by striking the  
5 provision which authorized the system to enter into a biennial  
6 agreement with the department of administrative services  
7 concerning the sharing of resources between IPERS and the  
8 department.

9 Code section 97B.4(4)(a), concerning the annual report  
10 to the governor, is amended by striking the inclusion of  
11 information relative to investment management expenses  
12 described in Code section 97B.7(3)(d). Legislation enacted  
13 in 2008 struck the requirement in Code section 97B.7(3)(d)  
14 limiting investment management expenses to 0.4 percent of the  
15 fund value.

16 Code section 97B.11, concerning contributions by employer  
17 and employee, is amended to provide that beginning July 1,  
18 2011, the required contribution for all categories of IPERS  
19 members may vary by 1 percentage point from the required  
20 contribution rate for the previous year. Current law only  
21 allows a 0.5 percentage point variance. The bill also provides  
22 that the required contribution rate for regular members in  
23 IPERS shall be 13.45 percent for the fiscal year beginning July  
24 1, 2011.

25 Code section 97B.49A, concerning the calculation of a  
26 retirement allowance for regular members of IPERS, is amended  
27 to provide that the benefit shall be calculated using the  
28 member's final average covered wage and not the member's  
29 three-year average covered wage.

30 Code section 97B.49D, concerning the hybrid formula, is  
31 amended to provide that a person is eligible to utilize this  
32 formula if the member is vested by service, based upon the  
33 new definition added in this bill. The Code section is also  
34 amended to provide that the calculation of the regular member's  
35 portion of the benefit shall be calculated using the member's

1 final average covered wage and not the member's three-year  
2 average covered wage.

3 Code section 97B.50, concerning penalties for early  
4 retirement, is amended to provide that for a member who is  
5 not vested on June 30, 2012, and who retires and receives a  
6 retirement allowance prior to the member's normal retirement  
7 date, the retirement allowance shall be reduced by 0.5 percent  
8 for each month the early retirement date precedes the date  
9 the member attains age 65. If the member is vested on June  
10 30, 2012, the bill provides that the portion of the member's  
11 retirement allowance based upon years of service prior to June  
12 30, 2012, shall be reduced, based on current law, by 0.25  
13 percent for each month that the retirement allowance precedes  
14 the member's earliest normal retirement date and the portion of  
15 the member's retirement allowance based upon years of service  
16 after June 30, 2012, shall be reduced in the same manner as for  
17 members who were not vested on June 30, 2012. This provision  
18 takes effect June 30, 2012.

19 Code section 97B.52, concerning death benefits, is amended  
20 to utilize the years-of-service definition created in this  
21 bill.

22 Code section 97B.52A, concerning the determination of a  
23 bona fide retirement under IPERS, is amended. Current law  
24 allows, until July 2010, a person to retire, receive retirement  
25 benefits, and to return to covered employment as a licensed  
26 health care professional at a public hospital after one month  
27 and still receive retirement benefits. Most retirees under  
28 IPERS are not allowed to return to covered employment and  
29 continue to receive retirement benefits until at least four  
30 months after they retire. The bill extends the sunset of  
31 this shortened period for licensed health care professionals  
32 from July 2010 to July 2012. This provision of the bill also  
33 provides that a person retired under IPERS may return to  
34 noncovered employment as a member of the national guard called  
35 to state active duty at any time for purposes of determining a

1 bona fide retirement under IPERS. These provisions take effect  
2 upon enactment and the provision relative to the national guard  
3 is retroactively applicable to May 25, 2008.

4 2009 Iowa Acts, chapter 170, is amended. That provision  
5 allowed an IPERS member to purchase additional wage credits  
6 equal to the pay the member would have received if the member  
7 was not furloughed and received a reduction in pay from  
8 January 1, 2009, until June 30, 2010. The bill extends this  
9 provision until June 30, 2011, and allows a person who has  
10 an employee-exercised reduction in pay by means of taking  
11 a reduction in pay through exercising union bumping rights  
12 the ability to purchase these wage credits. This provision  
13 takes effect upon enactment and is retroactively applicable to  
14 January 1, 2009.

15 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM (MFPRSI).  
16 Code section 411.1(9), concerning the definition of earnable  
17 compensation, is amended to provide that overtime compensation  
18 is included as earnable compensation for purposes of  
19 MFPRSI. Current law excludes overtime compensation from this  
20 definition. The bill provides that any increased cost arising  
21 out of this change shall not result in an increase in the  
22 member's contribution rate.

23 Code section 411.1(22), concerning the definition of  
24 surviving spouse, is amended to provide that the term is not  
25 limited to situations in which the member was in active service  
26 at the time of death.

27 Code section 411.6(3), concerning ordinary disability  
28 retirement benefit, is amended to define knowledge of a  
29 preexisting medical condition that may disqualify a person from  
30 benefits in the same manner as it is defined for purposes of an  
31 accidental disability retirement under section 411.6(5).

32 Code section 411.6(8), concerning ordinary death benefits,  
33 is amended to provide that a surviving spouse may elect a  
34 pension in lieu of the death benefit otherwise payable if the  
35 surviving spouse is the beneficiary based on the member's

1 designation or by default if the member did not designate a  
2 beneficiary or the designated beneficiary predeceased the  
3 member.

4 Code section 411.6B, concerning rollovers of member's  
5 accounts, is amended to comply with the nonspouse rollover  
6 mandate of the federal Worker, Retiree, and Employer Recovery  
7 Act of 2008.

8 Code section 411.8, concerning the financing of MFPRSI,  
9 is amended to increase the employee contribution rate by 0.5  
10 percentage points for four years beginning July 1, 2010, from  
11 9.4 percent of pay, until reaching 11.4 percent beginning on  
12 and after July 1, 2013. The Code section is also amended to  
13 provide that the cost to cover any increase in cost to MFPRSI  
14 resulting from any statutory changes enacted after January  
15 1, 2011, shall be divided with 60 percent of the increased  
16 cost paid by employers and 40 percent by the employees, if the  
17 increased cost cannot be absorbed within the contribution rates  
18 otherwise established.

19 Code section 411.9, concerning military service, is amended.

20 New subsection 1A provides that if a member dies while  
21 performing qualified military service, the member shall be  
22 treated as if the member was an active employee under MFPRSI  
23 for purposes of determining benefits under MFPRSI arising out  
24 of that date. This provision takes effect upon enactment and  
25 applies to deaths occurring on or after January 1, 2007.

26 New subsection 1B provides that if a member who is absent  
27 while serving in the armed services is receiving a differential  
28 wage from the member's city, the member is treated as an  
29 employee of the employer making the payment and an active  
30 member of the system, the differential wage payment is treated  
31 as earnable compensation of the member, and the system is not  
32 treated as failing to meet the requirements of any provision  
33 described in the federal Internal Revenue Code by reason of  
34 any contribution or benefit which is based on the differential  
35 wage payment. This provision takes effect upon enactment and



1 applies retroactively to December 31, 2008.

2 Code section 411.20, concerning a state appropriation  
3 to MFPRSI, is repealed. That Code section required an  
4 appropriation from the general fund of the state to MFPRSI  
5 for each fiscal year an amount necessary to finance the cost  
6 of benefits provided in Code chapter 411 by amendments of the  
7 Acts of the Sixty-sixth General Assembly. Code section 8.59  
8 had frozen this appropriation to those amounts expended for the  
9 fiscal year commencing July 1, 1992. The bill does provide  
10 that an appropriation to MFPRSI from the general fund during FY  
11 2010-2011 of \$1,500,000, and during FY 2011-2012 of \$750,000.

12 The bill also directs the MFPRSI board to conduct a  
13 comprehensive examination of the plan design of MFPRSI and to  
14 submit a report, by October 15, 2011, to the public retirement  
15 systems committee concerning the results of the examination  
16 and any other recommendations for benefit or other statutory  
17 changes to MFPRSI.